



DATE: November 2, 2009

TO: Commissioner Greg Drees
Commissioner Richard Francisco
Commissioner Elizabeth Garst
Commissioner Tammi Kircher
Commissioner Janelle Rettig
Commissioner Dennis Schemmel
Commissioner Margo Underwood

FROM: Michelle Wilson, Project Manager, Honey Creek Resort State Park (HCRSP)

RE: Honey Creek Resort State Park September 2009 Operation Income Statement and Construction Update

Enclosed you will find Central Group Companies Inc.'s operations income statement for the month of September 2009 as received by the Department on October 30, 2009.

Food and Beverage

In September, Central Group Companies Inc. reported that there were 10,644 covers served, down from 15,985 covers in September and lower than the 12,054 budgeted. Food and Beverage revenue in September was \$37,382 lower than projected, but savings were made up in food cost expenses and payroll ending the month with a food and beverage income exceeding budget by \$11,322.

Occupancy

September 2009

	Iowa Market	Regional Market	Honey Creek RSP		FY10 Pro Forma	
			Lodge	Cabin	Lodge	Cabin
Occupancy	56.8%	51.8%	59.1%	43.3%	58.1%	41.2%
Average Daily Rate	\$72.17	\$131.45	\$104.69	\$262.79	\$104.55	\$276.00

Sales and Marketing

In September, Central Group Companies, Inc. attended the Travel Marketplace and promoted the resort to bus tour companies. Staff within the Department also worked to prepare the third and last media day which took place the first part of October.

Meetings were held in early September with the four county's economic development and tourism offices and the staff from the Central Office of the Department of Economic Development. A committee of local tourism office staff is now meeting on a monthly basis to discuss tourism opportunities while working on capturing local tourism data to place in a database. Data will continue to be captured until December after which staff from the Central Iowa Tourism Region and the central office of DED will work with committee members to organize tour itineraries. These itineraries can then be used by the sales team at the resort to help sell and market the property to interested conferences and special events. Both the General Manager and the Sales Director of Honey Creek are committee members working with the local groups.

The Preserve

In September, golf is again under for the month on revenue by \$32,727. Marketing staff continue to promote golf as outlined in Central Group Companies, Inc. variance report. Maintenance Staff continue to manage expenses but not enough to bring positive income.

Construction

The Department is still waiting for re-design plans for the dock gangway from TSP and The Hansen Company's subcontractor ShoreMaster. Previous re-design plans were not acceptable to the Department. Guests to the resort are still able to utilize all dock/boating services.

The boat ramp work was underway and making progress. After rains that fell October 28th, the lake again rose 3 feet. The contractor for the ramp will again be in a waiting pattern until the water level lowers. This will be approximately a 3 week wait as the lake lowers about 1 foot per week.

The solar decathlon building arrived on property October 27th. After discussion with the students who constructed the building, the components were lifted from the trailers, stabilized on concrete blocks, and covered until the permanent foundation is ready for the final installation. Some of the interpretive panels used in Washington DC will be installed by the components describing the project.

Honey Creek Resort State Park
Project Budget

Budget Category		Source of Funds				Total	Expended to Date	Balance Remaining	Total						
		General	Honey Creek	MFT	P & I										
Non-Construction Expenses															
Pre Bond Expenses from 2002/2003 appropriation		\$	1,850,000.00			\$	1,850,000.00	\$	1,849,838.00	\$	162.00	\$	1,850,000.00		
Staff, misc. expenses		\$	1,050,000.00			\$	1,050,000.00	\$	1,080,596.86	\$	(30,596.86)	\$	1,050,000.00		
Architecture & Engineering (3)		\$	3,557,507.00			\$	3,557,507.00	\$	3,486,320.55	\$	71,186.45	\$	3,557,507.00		
Art Project		\$	225,000.00			\$	225,000.00	\$	191,565.00	\$	33,435.00	\$	225,000.00		
Legal		\$	150,000.00			\$	150,000.00	\$	187,688.86	\$	(37,688.86)	\$	150,000.00		
Preopening Compensation		\$	958,936.00			\$	958,936.00	\$	993,366.94	\$	(34,430.94)	\$	958,936.00		
Construction Packages															
Golf Course & Grading		\$	5,645,961.65	\$	46,702.61	\$	1,242,334.03	\$	6,934,998.29	\$	6,934,998.29	\$	-	\$	6,934,998.29
Golf Buildings		\$	799,587.00					\$	799,587.00	\$	774,802.64	\$	24,784.36	\$	799,587.00
Lodge Base Bid	\$	19,340,000.00													
Approved Change Orders (Including Hardscape)	\$	1,409,011.00													
Total Lodge Package		\$	20,749,011.00				\$	20,749,011.00	\$	20,667,367.81	\$	81,643.19	\$	20,749,011.00	
Sewer System and Lagoon		\$	1,421,634.00	\$	403,361.00		\$	1,824,995.00	\$	1,200,262.27	\$	624,732.73	\$	1,824,995.00	
Docks		\$	-	\$	444,634.14		\$	444,634.14	\$	444,634.14	\$	-	\$	444,634.14	
Roads and Parking		\$	1,212,104.10	\$	784,178.39	\$	5,119,740.84	\$	7,116,023.33	\$	7,177,451.16	\$	(61,427.83)	\$	7,116,023.33
Landscaping and Signs		\$	138,875.00				\$	138,875.00	\$	76,192.01	\$	62,682.99	\$	138,875.00	
Cabins Base Bid	\$	5,058,000.00										\$	-	\$	-
Alternate 1 - Geothermal	\$	218,000.00													
Alternate 2 - Concrete pads	\$	23,100.00													
Approved Change Orders	\$	110,100.00													
Total Cabin Package		\$	5,409,200.00				\$	5,409,200.00	\$	5,414,427.33	\$	(5,227.33)	\$	5,409,200.00	
Activity Building		\$	350,000.00				\$	350,000.00			\$	350,000.00	\$	350,000.00	
Playground		\$	200,000.00				\$	200,000.00	\$	98,995.93	\$	101,004.07	\$	200,000.00	
Beach (4)		\$	80,000.00				\$	80,000.00			\$	80,000.00	\$	80,000.00	
Equipment and Furnishings															
Golf Course Equipment (1)		\$	464,315.40				\$	464,315.40	\$	464,315.40	\$	-	\$	464,315.40	
Experience Plan - Interpretation		\$	50,000.00				\$	50,000.00	\$	48,950.12	\$	1,049.88	\$	50,000.00	
Lodge FFE (1)		\$	3,025,339.63				\$	3,025,339.63	\$	3,028,259.37	\$	(2,919.74)	\$	3,025,339.63	
Lodge FFE Design (1)		\$	268,258.34				\$	268,258.34	\$	268,258.34	\$	-	\$	268,258.34	
Cabin FFE		\$	732,513.17				\$	732,513.17	\$	733,713.12	\$	(1,199.95)	\$	732,513.17	
Contingency and Bond Requirements															
Change Orders & Contingency	\$	-													
Change Orders & Contingency - Cabins	\$	-													
Total Change Orders & Contingency		\$	-				\$	-			\$	-		\$	-
Operating Reserve Fund		\$	500,000.00				\$	500,000.00	\$	211,538.28	\$	288,461.72	\$	500,000.00	
Additional Operating Contingency - Bond Payments 1-3 (5)		\$	2,213,432.00				\$	2,213,432.00	\$	705,945.86	\$	1,507,486.14	\$	2,213,432.00	
Total Expenditures		\$	51,051,674.29	\$	1,678,876.14	\$	6,362,074.87	\$	59,092,625.30	\$	56,039,488.28	\$	3,053,137.02	\$	59,092,625.30
Source of Funds															
Appropriations (pre-FY09)		\$	5,500,000.00				\$	5,500,000.00							
Appropriations (FY09)		\$	8,000,000.00				\$	8,000,000.00							
Bond Proceeds		\$	28,000,000.00				\$	28,000,000.00							
Other (interest)		\$	1,801,399.83				\$	1,801,399.83							
Appanoose County		\$	357,250.00				\$	357,250.00							
Monroe County		\$	357,250.00				\$	357,250.00							
Rathbun Lake Resort, Inc. (RLR)		\$	1,535,500.00				\$	1,535,500.00							
SWAP/Waste Tire Funds		\$	200,000.00				\$	200,000.00							
EPA Funds for bioretention		\$	57,719.00				\$	57,719.00							
FY07 Grow Iowa Values Fund		\$	1,000,000.00				\$	1,000,000.00							
FY08 Grow Iowa Values Fund		\$	1,000,000.00				\$	1,000,000.00							
FY09 Grow Iowa Values Fund (2)		\$	811,000.00				\$	811,000.00							
FY10 Grow Iowa Values Fund (2)		\$	900,000.00				\$	900,000.00							
REAP FY 09 (5)		\$	519,241.00												
REAP FY 10 (5)		\$	1,200,000.00												
Marine Fuel Tax				\$	1,678,876.14		\$	1,678,876.14							
Parks & Institutional Roads						\$	6,362,074.87	\$	6,362,074.87						
Total Funding		\$	51,239,359.83	\$	1,678,876.14	\$	6,362,074.87	\$	57,561,069.84						
Variance		\$	187,685.54	\$	-	\$	-								

Source: Budget and Finance Bureau
11/3/2009

Honey Creek Resort State Park
Project Budget

In-Kind Matching

Rathbun Regional Water Association	\$928,000
Chariton Valley Electric Cooperative	\$877,170
Iowa Telecom	\$250,000
Total In-Kind Matching	\$2,055,170

Future Development:

RV Shelter and Restroom	\$250,000
Golf Cart Storage Building	\$100,000
Picnic Shelter and Restroom for day use area	\$100,000
Emergency Vehicle Access and Trail Bridge	\$4,500,000
Need to secure additional funding	\$4,950,000

- (1) Items are completed; budget has been adjusted to reflect actual expenses.
(2) FY 09 Values funds were cut \$189K, not 20% as noted in letter from DED. FY 10 amount was cut to \$900,000 per legislation.
(3) This item reflects changes in the contract between the Department and TSP based on the Compromise Agreement from July 2008
(4) Design and construction costs have been finalized for the beach
(5) This reflects the Department fuunding the first 3 bond payments and new revenue sources.